

Economic Development Fund

MISSION STATEMENT

The mission of the Economic Development Fund is to assist private employers who are located, or plan to locate, or substantially expand operations in the County. The Fund is administered by the Department of Finance, and programs utilizing the Fund are administered by the respective departments as noted below.

BUDGET OVERVIEW

The total recommended FY09 Operating Budget for the Economic Development Fund is \$802,440, which is the same as the total approved in FY08. Personnel Costs comprise 15 percent of the budget for one workyear for a position in the Department of Economic Development. Operating Expenses account for the remaining 85 percent of the FY09 budget.

LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

❖ **Healthy and Sustainable Neighborhoods**

❖ **Strong and Vibrant Economy**

PROGRAM CONTACTS

Contact Peter Bang of the Economic Development Fund at 240.777.2008 or Alison Dollar of the Office of Management and Budget at 240.777.2781 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Demolition Loan Program

The Demolition Loan Program was established in FY99. The program assists owners of obsolete, underutilized commercial buildings to demolish buildings and clear the land. This program is administered by the Department of Housing and Community Affairs.

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	0	0.0
FY09 CE Recommended	0	0.0

Economic Development Grant and Loan Program

The Economic Development Grant and Loan Program was established in FY96 to provide assistance to private employers who will retain jobs already in the County or create jobs in the County through the expansion of current businesses or location of new businesses in the County. As part of its Marketing and Business Development Program, the Department of Economic Development (DED) identifies and develops prospects which meet the criteria for grants or loans from the Economic Development Fund. DED works to develop offers of assistance, frequently in close cooperation and coordination with the State of Maryland. By March 15, the County Executive submits an annual report on the status and use of the Fund, as required by Chapter 20-76 (b) of the Montgomery County Code. This program is administered by the Department of Economic Development.

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	577,650	1.0

	Expenditures	WYs
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	88,870	0.0
FY09 CE Recommended	666,520	1.0

Notes: Reflects adjustment of funds to maintain program.

Technology Growth Program

The Technology Growth Program was created in FY99 as a program within the Economic Development Fund to facilitate the growth of technology-based companies located or desiring to locate in the County. Financial assistance under the program is based on the evaluation of the technology and the innovation proposed, along with potential impact for the County. The program is aimed at leveraging private-sector financing and State Challenge and Equity Investment funds and is administered by the Department of Economic Development.

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	0	0.0
FY09 CE Recommended	0	0.0

Small Business Revolving Loan Program

The Small Business Revolving Loan Program was established in FY00. The program augments a grant from the Maryland Economic Development Assistance Authority and Fund (MEDAAF) Act under Senate Bill 446 to finance economic development projects that do not receive priority consideration from traditional private and public sources due to non-priority industry sectors and/or transaction site. The program offers secured loans typically in the range of \$25,000 to \$100,000 and is administered by the Department of Economic Development.

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	224,790	0.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-88,870	0.0
FY09 CE Recommended	135,920	0.0

Notes: Expenditures have been adjusted to reflect FY09 estimated revenues for this program.

BUDGET SUMMARY

	Actual FY07	Budget FY08	Estimated FY08	Recommended FY09	% Chg Bud/Rec
ECONOMIC DEVELOPMENT FUND					
EXPENDITURES					
Salaries and Wages	78,188	85,910	85,910	92,920	8.2%
Employee Benefits	22,952	24,060	24,060	29,470	22.5%
Economic Development Fund Personnel Costs	101,140	109,970	109,970	122,390	11.3%
Operating Expenses	3,633,000	692,470	3,768,690	680,050	-1.8%
Capital Outlay	0	0	0	0	—
Economic Development Fund Expenditures	3,734,140	802,440	3,878,660	802,440	—
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	1.0	1.0	1.0	1.0	—
REVENUES					
Investment Income - Pooled	94,957	51,500	81,000	84,600	64.3%
Loan Repayment Small Business Revolving Loan	120,434	224,790	115,340	135,920	-39.5%
State Grants	675,000	0	250,000	0	—
Loan Repayments Grant & Loan Program	171,324	60,110	84,060	41,080	-31.7%
Technology Growth Program Loan Repayments	65,789	55,740	2,700	12,240	-78.0%
Loan Repayments Community Legacy Program	20,774	22,440	22,410	22,440	—
Economic Development Fund Revenues	1,148,278	414,580	555,510	296,280	-28.5%

FY09 RECOMMENDED CHANGES

	Expenditures	WYs
ECONOMIC DEVELOPMENT FUND		
FY08 ORIGINAL APPROPRIATION	802,440	1.0
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: Group Insurance Adjustment	2,540	0.0
Increase Cost: Retirement Adjustment	1,870	0.0
Decrease Cost: Annualization of FY08 Operating Expenses	-4,410	0.0
FY09 RECOMMENDED:	802,440	1.0

PROGRAM SUMMARY

	FY08 Approved		FY09 Recommended	
	Expenditures	WYs	Expenditures	WYs
Demolition Loan Program	0	0.0	0	0.0
Economic Development Grant and Loan Program	577,650	1.0	666,520	1.0
Technology Growth Program	0	0.0	0	0.0
Small Business Revolving Loan Program	224,790	0.0	135,920	0.0
Totals	802,440	1.0	802,440	1.0

FUTURE FISCAL IMPACTS

Title	CE REC. FY09	FY10	FY11	(S000's) FY12	FY13	FY14
This table is intended to present significant future fiscal impacts of the department's programs.						
ECONOMIC DEVELOPMENT FUND						
Expenditures						
FY09 Recommended	802	802	802	802	802	802
No inflation or compensation change is included in outyear projections.						
Subtotal Expenditures	802	802	802	802	802	802